BUDGET

1974-75

Speech of

Thiru M. Karunanidhi

Chief Minister

4th March 1974

Speech of Thiru M. Karunanidhi, Chief Minister of Tamil Nadu presenting the Budget for 1974–75 to the Legislative Assembly on 4th March 1974.

Mr. Speaker Sir,

I rise to place before the House the Revised Estimates for 1973–74 and the Budget Estimates for 1974–75.

This Government, following as ever in the footsteps of Anna and true to the spirit of the Kural which says :

> "Benevolence seeks no return. What does the world give back to the clouds ?"

feel privileged to place this Budget before the people of Tamil Nadu.

2. The nation is facing a serious economic crisis characterised by severe shortages, bottlenecks in production and uncontrolled inflation. The common man faces shortages of essential commodities needed for his daily life. The economy has been afflicted by inadequacy and lack of timely deliveries of industrial raw materials, minerals, oil, fertilisers, etc. Until this economic canker which has appeared at the national level is tackled, it will be difficult to prevent its spreading into our State also. In this situation of uncertainty, the evolution of long-term

policies, drawing up of plans and their implementation have all become extremely difficult. We have, several times before, urged that a Chief Ministers' Conference should be convened immediately to discuss the complex problems that have arisen on account of the failure of economic management at the national level. On behalf of Government of Tamil Nadu, I had, on earlier occasions, in the meetings of the National Development Council made a number of suggestions regarding this.

Fifth Five-Year Plan.

3. The question is how best the Fifth Five-Year Plan could be formulated against this background of stresses and strains and uncertainty. While it is a fact that a Draft Plan for Rs 53,411 crores has been approved by the National Development Council, the physical content of the plan is being eroded day by day due to price rise and shortage of raw materials. The main levers of economic planning, monetary and fiscal policy which help to control the price level are solely operated by the Central Government. If inflation is not contained, exhortations to implement a massive plan may remain only as empty slogans and result in the emergence of the very plan holiday which we all wish to avert.

The fact that the Centre has not so far been able to approve the Fifth Plan of Rs 1,532 crores drawn by us for our State would appear to support this apprehension. This draft plan keeps in view the objectives formulated by the State Planning Commission for our Perspective Plan. We have had discussions with the Centre several times regarding the size of the Fifth Five-Year Plan. The quantum of open market loans and institutional finance are all determined by the

Centre. Besides, the Central Government should allocate a specified amount of financial assistance for the Plan. But till date, the issue regarding amount of Central assistance as also the quantum of loans for the States has not been finalised. It is in this background that I regret it has not been possible to present before this House the final draft of our Fifth Five-Year Plan.

The House is aware that the State Plan represents only a part of the level of total developmental activities in the State. The Central and private sector investments are equally, if not more, important. We have been pleading, time and again, that apart from approving a large State Plan, Tamil Nadu should also be given a fair share both in Central projects and also in the investment by the private sector. Tamil Nadu has so far been denied its reasonable share in the very heavy Central investments in Industries and Transport. We have requested on several occasions that this injustice should be redressed at least during the Fifth Plan period.

In the draft Fifth Five-Year Plan of the Central sector, no new schemes have been provided for our State. This has been pointed out by me in the last meeting of the National Development Council. It is a pity that there has been considerable delay in taking decisions in respect of the Neyveli Second Mine Cut and the associated 1000 MW Thermal Plant, the Sethusamudram Project, the new fertiliser projects, new oil refineries, to mention only a few of the many projects pressed for by us. In the recent session of the National Development Council, both the Prime Minister and Planning Minister promised that our plea will be considered favourably and an early

decision taken on these and other schemes. I hope and trust that these projects will find a place in the final draft Fifth Five-Year Plan.

4. Whenever we put forward our request for a fair share of Central assistance as well as in Central investments, Central officials and representatives of Central financial institutions come up with the strange argument that Tamil Nadu is an advanced State and hence, it does not need any special Central assistance. They have taken this stand by reckoning only such indices as per capita income as also the high level of expenditure that we incur on such sectors like Education and Health. I have already explained many times that it is not proper to equate our march towards planned development as having actually attained the goals and on this false basis deny us reasonable financial assistance.

Sixth Finance Commission.

5. The present procedures for sharing financial resources between the Centre and the States cannot be deemed to be satisfactory. While we were eagerly hoping that the Sixth Finance Commission will set right this state of affairs, I must confess that its recommendations have been disappointing. The only welcome feature in its recommendations is that relating to the rescheduling of debts. In every other respect, our State has not derived any advantage from this report. Under the guise of upgrading the standards of administration, the Finance Commission has awarded very liberal devolutions to certain States by grouping them as backward States. In this process we have been treated unfairly. The principle adopted by the Sixth Finance Commission of giving grants to States which have been relatively miserly in their expenditure

on social services, will only help to aggravate, in the long run, the existing disparities between the States. The only "reward" that States like ours, which have mobilised resources to the extent possible and prudently managed its development activities has been a denial of a fair share from the common pool of finances by using the statistics of our development to give additional assistance to other States.

Annual Plan, 1974-75.

6. The size of the Annual Plan for the next year, which is the first year of the Fifth Five-Year Plan, has not yet been finalised. I have discussed this with the Deputy Chairman of the Union Planning Commission. We have protested against the approach of the Government of India of pegging the Central assistance for next year at the current year's level. Besides, we are facing a serious short fall in our revenues due to re-introduction of prohibition, particularly since the Finance Commission has not come forward to make good this loss. If in the context of the sharp decline of our resources, the next year's Plan assistance from the Centre is also only at the current year's level the size of the next year's Annual Plan has necessarily to go down.

On this basis, the Planning Commission has suggested that in 1974-75, the size could be Rs 109 crores to Rs 118 crores, while even in the current year we are implementing a Plan of the size of Rs 129 crores. We pointed out that we cannot, on the one hand, step up the national Fifth Five-Year Plan to Rs 53,411 crores from the Fourth Five-Year Plan outlay of about 25,000 crores and on the other hand, keep the next year's Plan size at less than the current year's level. Our discussions with the Centre give us

hope that higher assistance may be forthcoming and that as a result, in 1974-75 we may be in a position to implement a Plan of the size of Rs 150 crores.

What we face today is

a Plan that has not yet been finalised—

a Plan, massive in conception—

a Plan that may be eroded in implementation, and what is more,

an economic situation clouded by uncertainties.

In spite of such a discouraging situation our Government have to the extent possible, mobilised additional resources, geared up the administrative machinery and are venturing to implement development schemes with the aim of keeping alive the flame of welfare in our State in the present and in the future. In this task of socio-economic development, we will spare no pains to utilise to the maximum extent the wholehearted co-operation of the people of Tamil Nadu.

Agriculture.

7. The Budget Estimates make provision for the core sector of agricultural development under several heads. The provision for agricultural development in 1974–75 including schemes implemented by the Directorate of Agriculture, outlays on minor and major irrigation, subsidy to the Electricity Board to meet losses on agricultural pumpsets and other related items, comes to roughly Rs 68·81 crores. Over and above this, we have been fully availing of the sources of institutional finance for the development of agriculture. In respect of institutional finance, we will distribute a sum of Rs 17 crores towards long-term credit and Rs 81 crores towards short-term and medium credit in 1974–75. The Budget includes provisions for establishment of a Tropical Fruit Research Institute,

establishment of a State Agricultural Training Institute at Anna Pannai, Kudimianmalai, expansion of research schemes and formation of a State Farm Corporation. Besides, a sum of Rs 1 crore has also been set apart for development of roads in and around sugar factory areas.

The high yielding variety programme will be stepped up to cover 67·93 lakh acres in 1974–75. As already pointed out in the Governor's address, the availability of necessary inputs for agriculture such as fertilisers and pesticides, has been far below our expectations and requirements. We have to meet the shortages and high prices which arise in these circumstances. We have requested the Government of India to empower us to control the distribution of at least the fertilisers produced within this State. Unfortunately, the present policy of the Government of India, leaving the distribution to a major extent in the hands of private marketeers, comes in the way of an efficient distribution policy. I reiterate my plea to the Government of India that, in the context of national and international shortages of fertilisers, the Government of India should not lose any further time in reconsidering their approach to this problem and delegating to State Governments the power to control distribution of the entire quantity of fertilisers.

Animal Husbandry and Fisheries.

8. A sum of Rs 5·26 crores has been set apart for the schemes of Animal Husbandry. Besides, we have made a provision of Rs 5·32 crores for the development of Fisheries. The Tamil Nadu Poultry Development Corporation set up by the Government has started functioning and has expanded its activities. This

Corporation has also opened up employment opportunities to about 500 educated unemployed youths. Twenty-five additional veterinary dispensaries will be started in 1974–75.

Production of milk has been increasing as a result of the expanding activities of the Tamil Nadu Dairy Development Corporation and the Department of Milk Production and Dairy Development. The "Operation Flood" Programme will continue to be implemented and Rs 3·80 crores will be spent on these schemes in 1974–75.

The daily supply which stood at about 69,000 litres of milk in the month of January 1972, has now increased to 1,05,000 litres on account of this programme. Besides, it is worth pointing out that under this scheme, about 6,000 persons, mostly villagers, have been granted loan facilities and thus employment opportunities have been created.

The boat building programme under the Fisheries Department has been progressing well. In order to provide for further expansion of the commercial activities of the Fisheries Department to the fullest extent, Government have decided to form a Fisheries Development Corporation. Boat building, distribution of boats, and certain other activities of the Fisheries Department will be entrusted to this Corporation.

Irrigation.

9. An amount of Rs 30·83 crores has been set apart in the Budget Estimates for development of irrigation. Provision has been made for taking up the following schemes :—

Improvements to Periyar Channels in Madurai and Ramanathapuram districts.

Excavation of upper right side canal from existing pick-up channel at Sathanur anicut in North Arcot district.

Formation of reservoir across Varadhamanadhi in Aykudi village, Palani taluk, Madurai district.

Formation of reservoir across Vattamalaikarai Odai, Dharapuram taluk, Coimbatore district.

Formation of reservoir across Varattupallam near Kakkaiyanur village, Bhavani taluk, Coimbatore district.

Formation of reservoir across Gunderipallam, Gobichettipalayam taluk, Coimbatore district.

Formation of a reservoir across Gundar in Shencottah taluk, Tirunelveli district.

We are also setting apart Rs 4·51 crores for the Special Minor Irrigation Programmes under which currently 725 works are under execution. Apart from this, the Budget provides Rs 11·44 crores for maintenance and repairs of irrigation sources.

Several irrigation tanks taken over under the Zamindari Abolition Act which have been entrusted to Panchayat Unions are in a state of bad repair. A sum of Rs 50 lakhs has been set apart for a special scheme for bringing these tanks to standards so as to benefit agriculturists.

Kudimaramath.

10. Government have been deeply concerned about the levels of maintenance of irrigation channels under the kudimaramath system. In many cases where kudimaramath work on channels has been entrusted to Panchayats, the work has not been attended to properly for several years due to the reluctance on the part of the agriculturists to meet their share of the contribution

for these works and also due to the fact that the ceiling on costs, of Rs 2·50 per acre, was not sufficient. From 1971, Government have been implementing a scheme of executing directly through the Public Works Department kudimaramath works on channels covering more than one Panchayat in Thanjavur district. Government have examined the question of extend'ng this to all the districts and have decided that in the first phase, kudimaramath works all over the State in respect of channels covering more than one panchayat will be directly executed by the Public Works Department. The cost of the works will be shared in the ratio 4 : 3 by the Government and the ayacutdars. Necessary legislation is being undertaken to enable the Public Works Department to execute these works and to collect the contribution from the beneficiaries. It is hoped that as a result of this measure, kudimaramath works on channels of a total length of about 4,000 kilometres will be executed and it is hoped that this will help to restore these important supply channels. I hope the House will welcome this measure which will benefit a large number of agriculturists in the State.

Ground Water Exploration.

11. The scheme for survey and exploration of ground water continues to be executed vigorously by the Directorate of Ground Water. This department which was established in 1970, has been strengthened from year to year. Government have also decided to set up a Ground Water (Research and Training) Institute to assist the Directorate. Necessary provision has been made for this in the Budget Estimates.

Cauvery Dispute.

12. The Cauvery river sustains the Cauvery irrigation system which has been established and developed from ancient times in our State. It is the backbone of our agriculture. We have been patiently hoping for a favourable response to our reasonable stand that water from this source should continue to be available to us, as safeguarded by the 1924 agreement. However, a final decision on this issue has been getting delayed for long. The Fact Finding Committee set up by the Centre, consequent on the meeting of the Chief Ministers of Tamil Nadu, Karnataka and Kerala, has submitted its report. I have written to the Government of India requesting that an early decision be taken on the report.

Power.

13. The per capita consumption of electricity in our State which was 98 units in 1967 has reached 133 units now. This shows the increasing success of our efforts in meeting the needs of our people, in developing our industry and our agriculture. The rural electrification programme which we announced in 1969 is going on in full swing. I am happy to announce that so far electricity has been extended to 97 per cent of the total of about 60,000 villages and hamlets in the state. Out of about 24,000 Harijan colonies, electricity has been given to about 23,000 colonies. Government are bearing the cost of consumption of power for street lighting in these Harijan colonies.

However, in spite of all these achievements, during the past three years, on account of inevitable shortages of power, we have had to face difficult problems in the industrial and agricultural sectors. We have been representing to the Central Government about the need for sanctioning a thermal power plant at Mettur

and Tuticorin and also a 1000 M.W. thermal plant at Neyveli. So far, the Centre has given permission only for the Tuticorin Thermal Plant. However, our pleas for the second mine cut at Neyveli and the associated power plant have not been accepted. Nor has our request for a thermal plant at Mettur been accepted so far. We have also been representing to the Centre regarding the urgent need for starting new hydro-electric projects in the Western Ghats and at Hogenakal.

Our daily requirement of electric power is 235 lakh units. Out of this, 50 per cent is consumed by industries, 25 per cent by the agricultural sector and the balance by other sectors. The total generation within the State including the supply from Neyveli is only 196 lakh units. Hence, we have a shortage of 39 lakh units. In order to make this up, we are forced to purchase power at a relatively high cost from the neighbouring States. Since the requirements of these neighbouring States have also been going up day by day, there is a widening gap between our demand and the availability of power. In spite of this detailed justification of our requirements, the Government of India has been underestimating our needs and delaying sanction of the power projects. I wish to point out that this will result in serious economic repercussions both in the immediate future and in the long run.

When we make up the shortage of power to the extent possible by purchasing from neighbouring States or from other sources, we are forced to pay a higher price. The cost of power that we purchased from Kerala in 1969 was 5 paise per unit. But now it is 8 paise. Similarly while in 1969, the cost of power that we purchased from Neyveli was 5·9 paise, now it is 8·48 paise for a part of the supply and much more

than that for the balance. The ultimate cost of extending power to the villages works out to 20 paise per unit, including the cost of conversion of H. T. to L. T., whether it be the power produced by us or bought from other States. As against this, our tariff for the agriculture sector is very low compared to other States. In order to reduce the losses, at least to some extent, the Tamil Nadu Electricity Board has announced certain increases of surcharge. I would like to add that this enhancement will not apply to the agricultural sector and to domestic and street lighting.

Handloom.

14. The Government have provided Rs 2·01 crores for the relief of handloom weavers. Apart from this, we have been assisting the Handloom Weavers' Co-operative Societies in various ways. It is worth noting that as a result of our efforts, the Tamil Nadu Handloom Weavers' Co-operative Society (Co-optex) has increased its turnover to Rs 12 crores in the current year from the level of Rs 9·17 crores in 1972–73. We have taken action to ensure its further expansion in the coming years. The Government have also sanctioned an interest free loan of about Rs 1 crore at the rate of Rs 100 per person as relief to handloom weavers who had suffered for want of work on account of non-supply of yarn. I am happy to state that the Government have decided to comply with the request of the weavers and to write off this sum of Rs 1 crore.

The spinning mills of Tamil Nadu produce nearly 1/5th of the total cotton yarn in the country. The power of distributing the yarn produced in our own State is vested not with us but with the Textile Commissioner of the Government of India. The quantity of yarn produced in the Co-operative

Spinning Mills and the other spinning mills under the control of the State Government would be just sufficient to meet the requirements of the weavers in the Co-operative Sector in our State. But we are not in a position to meet the complete requirements of the weavers outside the co-operative fold. It is our avowed policy to seek a permanent solution to the problems confronting the handloom industry.

In this context, the Santhanam Committee has made some useful recommendations. The important recommendations are : procuring yarn from the mills and distributing it to the weavers at controlled rates, bringing the weavers outside the co-operative sector into the co-operative fold to ensure the distribution of yarn, reserving the production of items like dhoties, saries, towels and blankets exclusively for the handloom sector and controlling the use of unauthorised power-looms. Government have accepted these recommendations and are taking steps to implement them. I have also addressed the Prime Minister on this issue.

Industries.

15. Policies and procedures relating to exports and imports, credit, industrial licensing and financial institutions, are all under the control of the Central Government. It is against this background that the persistent efforts of the State Government and the good progress made in various ventures in the private, public and joint sectors in our State have to be judged.

TIDCO (Tamil Nadu Industrial Development Corporation) has made substantial progress in establishing industries in the public and joint sectors. The public sector cement factory at Alangulam is now going through an expansion of its activities from

4,00,000 tonnes per annum to 7,00,000 tonnes per annum. Action is also being taken to increase the capacity of the Arkonam Steel Plant from 50,000 tonnes to 1,00,000 tonnes per annum.

The Tuticorin Fertiliser Complex which has been started in the joint sector at a cost of Rs 85 crores will commence fertiliser production shortly. Letters of intent have been secured for projects in the joint sector like electronic instruments, caustic soda, fishing trawlers, dyes and chemicals, refractories, etc. These are at various stages of implementation.

The members will be happy to note that a large number of industrial units which had been sick due to industrial recession during 1967–69 and which were revived due to the efforts of the State Government have now turned the corner. One of these firms, the Textool Company at Coimbatore is now producing goods worth Rs 3 crores a year. Similarly, LASCO Alloy Steels Company in Dharmapuri district which was dormant was revived by the efforts of the State Government and is now producing very valuable alloy steels. The Sakthi Pipes and Southern Structurals, which suffered seriously on account of financial and marketing difficulties, and hence were closed have been subsequently brought under the management of the State Government. The Government have adopted the policy of inducting professional management into these organisations and have also helped by giving guarantees and pump'ng in finance wherever needed. As the next stage of these operations, the abovementioned four companies, viz., Coimbatore Textools, Dharmapuri LASCO Alloy Steels, Sakthi Pipes and Southern Structurals, will be nationalised with the concurrence of Government of India. We hope that the Centre will give early clearance for this.

Thirteen sick textile mills which were taken over by the State Government were brought under the control of the Tamil Nadu Textile Corporation. Over 10,000 workers are now employed as a result. The State Government and the Tamil Nadu Textile Corporation have had a major role in putting the finances and the management of these concerns on a proper footing. It is now understood that the Government of India proposes to nationalise these 13 textile mills. It is my duty to emphasise that in the event of these 13 mills being nationalised, all these mills should be under the control of and in the ownership of the State Government. The fact that these sick mills have been revived under the efficient management of this State Government is again worth recalling here, and reinforces my stand.

Our Government's policy continues to be one of encouraging industrial development in the small scale sector. The State Small Industrial Development Corporation has expanded its activities and during 1974–75 it is expected to have a turnover of Rs 8 crores.

The State Industries Promotion Corporation of Tamil Nadu (SIPCOT) has so far given assistance to 153 industrial units involving a total capital outlay of Rs 42·67 crores. Mention may also be made of the successful development of the Ranipet Industrial Complex. The Government propose to undertake the development of more such centres in backward districts. Besides, the Industries Department has undertaken the development of an Electronic Estate at Salem and a developed plot estate for electronic and electrical instruments in the coastal area adjoining Madras. The project for the establishment of a salt-based industry in Tuticorin and Ramanathapuram coastal areas is being developed.

Government have taken a policy decision that hereafter new sugar factories will not be permitted in the private sector but started only in the public sector where provision will be made for the inclusion of cane growers as share-holders. We have made a special provision of Rs 1·5 crores towards purchase of machinery for sugar factories.

The exemptions given for sugarcane lands were cancelled in 1971 under the Land Ceiling Act introduced by us. I wish to bring to the notice of this House the fact that an extent of 3,421 acres of lands owned by Thiru Aruran Sugar Mills has been taken over by the State Government and is being brought under the Tamil Nadu Sugarcane Farm Corporation. In addition, the extent of 3,097 acres leased to this sugar mill will also be brought under this Corporation.

While we continue to implement a number of projects for industrial development, a large number of proposals are awaiting clearance from the Government of India. Several new projects proposed by us such as Oil Refinery at Tuticorin, Petro-Chemical Complex at Manali, New Fertiliser Plant at Cuddalore, projects for Nylon and Seamless Pipes, are awaiting Government of India's approval. The Governor has already pointed out in his address the meagre share given to the State of Tamil Nadu in Central sector industrial projects. We have emphasised time and again that Tamil Nadu is ideally suited for the location of defence production industries from the security point of view. We hope that the Government of India will consider favourably our request for locating in our State new units for defence production.

Health Services and Family Planning Programme.

16. The Budget Estimates for 1974–75 provide for an expenditure of Rs 48·34 crores on Health Services and Family Planning Programmes. This is inclusive of Rs 4·2 crores set apart for buildings for Medical and Family Planning Services. In continuation of the policy pursued for the last two years, 40 more Panchayat Union Dispensaries will be provincialised in 1974–75, bringing the total number of such provincialised dispensaries to 102 from the year 1972. Some of the schemes for which provision has been made in 1974–75 are—

- 90 bedded hospital at Tiruppur.
- 100 bedded hospital at Madurai.
- Golden Jubilee Block at Vellore.
- 160 bedded ward at District Headquarters Hospital at Erode.
- 100 bedded hospital at Rajapalayam.

Further a sum of Rs 33·92 lakhs has been sanctioned for the first stage of works in the Anna Cancer Institute at Kancheepuram.

We have also made provision for extending X-Ray facilities in taluk and non-taluk hospitals, appointment of specialists in district headquarters hospitals, relieving unemployment among nurses, decreasing work load among nurses by creating 200 additional posts, construction of additional buildings for Dharmapuri, Nagapattinam and Kumbakonam hospitals. We have undertaken a master-plan for the development of the Government General Hospital in Madras at a total cost of Rs 56 lakhs and a provision of Rs 22 lakhs has been made towards this in the Budget Estimates for 1974–75. Besides, in the coming year, 150 additional posts of Assistant Surgeons will be created.

In order to encourage the system of Indian Medicine, it is proposed to open Siddha dispensaries in 20 taluk and non-taluk hospitals. We have also proposed to open a Homeopathy Medical College in Madras.

The Medical department continues to render its services for the free eye-camp project started in 1972. Under this scheme, so far, eye sight has been restored and free spectacles supplied to 62,265 persons.

We have set apart a sum of Rs 6·51 crores for Family Planning programmes, in spite of the fact that Government of India have sharply reduced the assistance for this programme, by providing additional allocation from State funds.

Education.

17. The provision of Rs 110·15 crores for Education for the year 1974–75 as against Rs 10·59 crores provided for in 1956–57 is eloquent testimony of the abiding interest the Tamil Nadu Government have been evincing in the progress of education. Out of 60·24 lakhs of children in the age group 6–11, nearly 54·38 lakhs (90·2 per cent) are in schools. The corresponding percentage for the age group 11–14 is 52·3 and for the age group 14–17 is 33. Our chief task in the next five-year plan period will be to draw to the schools those children, who for various reasons, have been unable to join the schools till now.

About 2·39 lakhs of teachers are now in charge of imparting instruction to the 76 lakhs of students in the schools. It is most gratifying to note that there has been considerable improvement in the teacher-pupil ratio, which is now, on an average, 1 : 34.

During 1973–74, nearly 10,000 teachers were appointed under a special scheme over and above the normal additional appointments made from year to

year. Although the Government of India issued instructions that the teachers appointed under this special scheme should be paid only half pay, the State Government have come forward to meet the balance of expenditure from its own revenues and are paying all these 10,000 teachers at the full scales of pay. It is hoped that the appointment of these additional teachers will contribute significantly to toning up the quality of instruction in the schools.

Tamil Nadu has attained signal success in its task of extending educational opportunities to children from the under-privileged sections of society, who were hitherto denied opportunities for educational advancement. The primary task now facing us is to improve the quality of instruction. This cannot be achieved by the efforts of Government alone. It is only the concerted efforts of students, teachers, parents and educational experts, that can help us to attain this objective. As far as Government are concerned, steps have been taken to revise and improve the syllabus, and to train teachers in new and innovative methods of instruction. Government have also sanctioned the setting up of a Science Institute, as a separate wing of the State Institute of Education, to concentrate on the progress of Science Education.

With a view to enthusing teachers to work with greater zeal and devotion, the pay scales of teachers have, during the last few years, been considerably improved, and a number of concessions have been granted to improve their working conditions. During the year 1973–74, 573 part-time craft instructors have been given full-time jobs and scales.

Out of the 2·39 lakhs of teachers in our State, over 80,000 are working in Aided Schools. It has been one of their long-standing demands that these

teachers should be given statutory protection for their service conditions. The Tamil Nadu Private School Regulation Bill, which was introduced and passed in the State Legislature last year, while ensuring reasonable protection for the service conditions of teachers, will at the same time encourage the private managements to run the schools efficiently.

Of the 178 Colleges in our State, 51 are directly managed by the Government and 127 are Aided Colleges. Rules for the disbursement of grants to the Aided Colleges have been codified and put on a sound basis, and this pattern, which has been introduced since last year, has been widely welcomed by the private college managements.

Of the 178 colleges, 104 are affiliated to the Madras University and 74 to the Madurai University. Educational experts have expressed the view that the optimum number of colleges to be affiliated to one University, should not exceed 30 to 40. On this basis, it would be necessary to set up one or two new Universities in Tamil Nadu, where only three Universities are now functioning. It has been stipulated that new Universities should be set up only with the concurrence of the University Grants Commission, set up by the Government of India. The Government hope that the University Grants Commission will take note of the fact, that, while there are a few other States with a large number of Universities, Tamil Nadu has only three Universities, and will give their concurrence to the setting up of new Universities in Tamil Nadu.

The generalist Universities, which have to devote their attention to the various faculties of general education, are not able to do full justice to, and devote specialised attention required for, the growth of Engineering and Technological Education. In this view, the Government of Tamil Nadu have been for the past few years, urging the constitution of a University of Technology to which all Engineering Colleges will be affiliated. It is depressing and discouraging to note that although this proposal had been scrutinised by more than one Committee set up by University Grants Commission, concurrence has not yet been given to set up this University. We note that a neighbouring State, which embarked on this, long after we took the initiative, has already succeeded in setting up a University of Technology without the concurrence of the Government of India. We cannot in the circumstances escape feeling that it is only those who are meticulous about following the rules, that are penalised, and subjected to needless handicaps and hindrances. I hope that the Government of India would find a solution to this problem soon, and give their concurrence for the setting up of a Technological University in Tamil Nadu from the year 1974–75.

Our State Planning Commission has indicated the broad guidelines and directions of educational development for the next 12 years. The Government are in full agreement with a large number of these recommendations and are anxious that, subject to the availability of financial resources, these recommendations should be implemented during the next five years.

I hope and trust that both the teachers and students of our State will appreciate the Government's liberal outlay of Rs 110 crores, which has been made with the sole object of promoting the future welfare of the student community, and will co-operate in ensuring that the community enjoys to the fullest measure the benefits of this large investment.

History, Art and Literature.

18. In reviving Poompuhar, the ancient Chola town lost to the sea, we are fulfilling the ideals so dear to the heart of Anna—of preserving and fostering the tradition and history, arts, culture and civilisation of the Tamils. Our achievement and continuing efforts in this direction have won encomium of many, even foreigners. An amount of Rs 6·5 lakhs has been spent so far on this project.

We have excavated the ruins at Panchalankurichi and restored the ramparts and forts of Kattabomman's time and recreated a spectacle vibrant with history—as a tribute to the memory of that great hero of Panchalankurichi, who fought gallantly for his motherland and braved death with a smile on his lips. In his honour, a suitable monument is also being raised at a cost of Rs 5 lakhs.

We are renovating the temple at Mylapore dedicated to Tiruvalluvar, who placed before humanity a code of universal conduct through his immortal Kural. It is also proposed to raise a fitting memorial to Tiruvalluvar in an extent of 80 grounds at Nungambakkam lake area, with the object of spreading the message of Kural to the four corners of the world. We have sanctioned a sum of Rs 10 lakhs initially for this.

Welfare of Harijans and Backward Classes.

19. The outlay on the Welfare of Harijans and Backward Classes in 1974-75 will be Rs 16·06 crores as shown below :—

	Total.	*Non-Plan.*	*State Plan.*	*Centrally Sponsored.*
	(RUPEES IN CRORES.)			
Harijan Welfare.	8·98	6·18	2·24	0·56
Harijan Housing Corporation.	1·00	..	1·00	..
Total—Harijan Welfare.	9·98	6·18	3·24	0·56
Backward Classes Welfare.	6·08	5·37	0·53	0·18

The Harijan Housing Corporation, which was announced by me in the last budget speech, has been set up. The delay in setting up of this Corporation was due primarily to the fact that financial institutions and banks from whom we expected financial help have dragged their feet in considering our request for financial help. Under these circumstances, Government decided to start this Corporation by providing from State funds Rs 1 crore in 1973-74 and another sum of Rs 1 crore in 1974-75. This Corporation will undertake development of housing facilities for Harijans especially in lands acquired by the State already for this purpose. In the first stage, 100,000 houses will be constructed as part of a phased programme extending over a period of five years.

Social Welfare.

20. This Government have always stood in the forefront in promoting soc'al welfare, especially of those who are at the bottom of the social ladder. In addition to the welfare schemes of restoring eyesight to the blind, rehabilitating the leprous beggars, and eliminating hand-drawn rickshaws, this Government have now embarked upon the scheme of giving a new lease of life to the physically handicapped. As a first step towards implementing this welfare measure of providing security and succour to them without allowing it to rema'n merely as a slogan, Government have undertaken a survey of the physically handicapped in order to gather the relevant details. Vigorous followup action on this is being taken.

Social Security Scheme.

21. The Pension Benefit Scheme of the State Government benefits only the Government employees and teachers. Certain private sector companies are also extending pension benefits to their employees. But a major portion of the public do not have any pensionary benefits. This Government which have always been concerned with the welfare of the public, especially the lower salaried class, is now introducing a new pension scheme for them. Under the scheme there will be an opportunity for everyone to get pension by giving a regular monthly contribution. As an example, if a 30 year old person contributes a monthly amount of Rs 10, he would be entitled to get a monthly pension of Rs 100 from the age of 55 till death.

Under this scheme, provision has been made for the refund of princ'pal and interest to the dependents of the subscr.ber in the event of his death, provided he has been making his monthly contributions

regularly. Other measures of assistance to them are also under examination. Detailed procedures regarding the scheme are being formulated and the scheme will be commissioned in the course of a month or two.

Nutrition and Child Welfare.

22. Government continue to show keen interest in child welfare. So long as there is disparity in the facilities and opportunities afforded to children of affluent families and those coming from the poorer strata, we cannot establish a socialist society. Equal opportunities for growth should be provided to all children irrespective of the circumstances of the families from which they come. Child welfare is therefore the primary obligation of a socialist society. Keeping this in mind, we intend implementing an integrated programme for the development of children in 1974–75. Under this programme 10 integrated children's development projects will be established. One thousand more child welfare centres will be established under this scheme. This will be in addition to the existing 2,639 child welfare centres. As part of the package, medical supervision and nutritious diet will be provided to children attending these centres.

Several diseases which affect children can be prevented by ensuring nutritious diet. The high incidence of mortality of children before they attain the age of five can be prevented to a considerable extent by attending to nutrition and medical facilities. In view of this we have been providing nutritious food to children, expectant and nursing mothers. This programme already covers a total of 5 lakh persons and is planned to cover 6 lakhs in 1974–75. A sum of Rs 3·3 crores will be spent in 1974–75 on nutrition and child welfare programmes.

The nutrition programme for industrial labour which is being implemented in our State is among the first of its kind in the country. In this scheme, nutritious food material made available by CARE is cooked and supplied to the pregnant and lactating women and pre-school children of workers' families to supplement their daily food. At present the scheme is in force in 92 factories and plantations covering about 23,000 beneficiaries.

Housing.

23. Our efforts for the expansion of housing, which is one of the basic needs of the people, have been complimented by many observers. The Housing Board will undertake works to the extent of Rs 8 crores in 1974–75 and complete 7,200 houses. In addition to this, the Tamil Nadu Co-operative Housing Society will be distributing loans around Rs 8 crores in 1974–75. The progress made by us in this sphere will be evident if we compare this with the total amount of Rs 3·7 crores which was spent on housing facilities through both these institutions in 1968–69. Besides these, a sum of Rs 54 lakhs has been set apart in the budget for Police Housing Schemes and Rs 80 lakhs for house loans to Government servants. The assistance which we expected from the various financial institutions including banks for the Special Low Cost Housing Scheme, announced in the Budget in 1973–74 and initiated this year, has not been forthcoming. Nonetheless Government have started building 1,417 low cost houses. Further development of this programme will depend on the availability of additional funds from the Life Insurance Corporation of India and from HUDCO.

Slum Clearance.

24. The number of tenements constructed by the Tamil Nadu Slum Clearance Board since its inception till December 1973 is 11,092. It is expected that 4,378 tenements will be constructed in 1974 before March 31st. Another 4,200 tenements are planned to be constructed in 1974–75. I am happy to announce that under this scheme, wh ch was begun in 1970–71, before the end of March 1975, a total number of 19,670 tenements w ll be ready for occupation with all facilities. The Housing Board has also undertaken substantial slum clearance programmes. So far, the Housing Board has cleared the slums and built 7,412 tenements in eight mofussil towns. A sum of Rs 4·75 crores is being set apart for the programme of slum clearance and slum improvement in 1974–75.

Rural Development, Roads and Water-supply.

25. This State has been a pioneer in the task of development of our villages, which form the backbone of the nation. The House is aware of the various programmes that we have undertaken to bring water, power, schools and roads to the various villages of the State. We have given the highest importance to rural development.

We have undertaken the rural roads programme for connecting with the main road every habitation with a population of more than 1,500. Towards this, a sum of Rs 3 crores is being spent in 1973–74 and an equal amount has been provided in the estimates for 1974–75. The total cost of this programme is now estimated to be Rs 40 crores. In the present financial situation, it is expected that the scheme can be fully implemented within a period of 10 years. The cost of connecting villages with a population of between 1,000 and 1,500 is expected to be an additional Rs 25 crores. It has therefore been decided to take this up at the next stage.

We are providing money every year to Panchayat Unions for maintaining and improving local roads. As against a sum of Rs 1·19 crores per year provided so far, Government have decided to increase this provision to Rs 2·19 crores. This amount will be spent through the Panchayat Unions.

In my last Budget Speech, I had announced that an integrated scheme of rural water-supply at a cost Rs 40 crores has been taken up. This scheme is being implemented vigorously by the Tamil Nadu Water-supply and Drainage Board. TWAD will implement water-supply schemes which are to be taken up in 2,230 habitations in endemic areas and in 4,960 villages where there is no water-supply at all at present. A provision of Rs 2·5 crores has been made for grants to TWAD for undertaking schemes in these areas in 1974–75.

In spite of the efforts taken in the last five years to provide water-supply in various rural areas, there are 11,814 habitations with inadequate water-supply. The problems of water-supply in relation to these areas will be tackled by the Directorate of Rural Development through Panchayat Unions. Towards this, a provision of Rs 1·77 crores has been made in the Budget for 1974–75.

Substantial provision has been made in the Budget for grants and loans to the Panchayat Unions which are recognised to be the principal agency for rural development. The total amount of grants and loans to the Panchayat Unions provided for 1974–75 comes to Rs 21·67 crores. This is in addition to the sum of Rs 39·23 crores set apart for elementary education and being spent through the Panchayat Unions.

District Development Corporation.

26. I had earlier announced that a District Development Corporation should be set up for each District to take charge of the development programmes in the district and implement them properly and expeditiously and raise the requisite resources for this purpose at the district level itself by suitable non-tax measures. The idea has been welcomed by administrators and economists alike. As a first stage, it is proposed to set up District Development Corporation in the districts of Ramanathapuram, Coimbatore, Dharmapuri and Thanjavur under the chairmanship of the Collectors concerned. Arrangements will be made to provide Rs 2 crores as Government contribution towards the share capital of these Corporations.

Urban Development.

27. Sufficient funds have been provided for urban development. As part of our emphasis on urban development, a sum of Rs 1·13 crores as loans and grants will be given from the State funds for the improvement of urban roads. Out of a total of two Municipal Corporations, 99 Municipalities, 13 Townships and 626 Town Panchayats in the State, water-supply has been extended to both the Corporations, 87 Municipalities, 8 Townships and 71 Town Panchayats. Water-Supply Schemes are under execution in 3 Municipalities and 37 Town Panchayats. In 1974–75, we have arranged for funds of the order of about Rs 20 crores including the expenditure on Veeranam Project through the Tamil Nadu Water Supply and Drainage Board.

A municipal Finance Enquiry Committee has been set up to study the requirements of Municipal finances.

The Madras Metropolitan Development Authority was set up in December 1973. The House may recall that I had announced in the Budget Speech for

1973-74 the decision of the Government to set up Marai Malai Nagar. Action is underway for acquiring lands and establishing various infrastructural facilities at Marai Malai Nagar. The MMDA is also undertaking the development of an urban node at Manali.

An Expert Team from the Government of India which visited Madras recently has accepted our proposal for establishing a tube railway for improvement of mass transit in Madras. The Government of India should take an early decision on this and provide the necessary funds quickly.

The problem of Madras metropolitan areas is getting more and more complex as time goes on. We have requested the Government of India to assign adequate assistance to us for tackling this problem. We have repeatedly emphasised that Madras is not merely the headquarters of a State. It is a centre of regional economic activity. It is only appropriate that the Government of India which derives substantial revenues from this city should also set apart adequate amounts from its resources to ensure the city's development. The Central Government should come forward to give substantial assistance to Madras for metropolitan development as they have done in the case of Bombay and Calcutta.

Transport.

28. Members of the House are aware that the State Transport Department and the nationalised transport undertakings are performing well, and have earned praise from one and all. The private transport undertakings which have been taken over by Government are being administered efficiently and are earning reasonable profits. We have also augmented their fleets. The State Road Transport Department has also stepped up its activities.

In order to further develop transportation facilities, a shipping corporation wholly owned by the Government of Tamil Nadu will be set up. It will be called "Poompuhar Shipping Corporation". This Corporation will start functioning with an authorised share capital of Rs 5 crores. A sum of Rs 1 crore has been set apart for this. In the first instance, the ships will be used to handle coal traffic for our thermal stations. In the long run, we hope that our vessels will be on the high seas all over the world, earning the State fame and glory. This venture will be in the spirit of the great sea-faring traditions of ancient Tamil Nadu.

Roads and Bridges.

29. For industrial and agricultural development, the removal of transport bottlenecks is indispensable.

On account of the sustained efforts of this Government, one of the longest and most modern bridges in the country, viz., Tirumanur bridge linking Tiruchirappalli and Thanjavur districts, has come into being.

Another massive bridge linking Musiri and Kullithalai is coming up in fulfilment of the long-cherished aspiration of the people in that locality.

The Anna fly-over in Madras which has reduced traffic congestion considerably, is one among three of its kind in India.

The two-tier Tiruvalluvar bridge at Tirunelveli and the three-tier Coimbatore bridge are among the best designed and well constructed bridges in the country.

Labour Welfare

30. Government's labour policy continues to be one of solicitous concern for the welfare of labourers. As an example of this policy, I may cite here the pioneering scheme of labour participation in management in the Transport concerns in the public sector and also extension of the Pension scheme to about 35,000 transport workers.

Wages, profits and prices are all inter-connected. I have at many meetings of the National Development Council emphasised the need for a national wage-price profit policy.

Our plan to implement the participation of labour in Government companies requires certain modifications in Central enactments. We have written even in the last year to the Central Government about this and I have personally addressed the Prime Minister emphasising the need for implementing this programme immediately. I wish to point out that the Government of India's clearance for this has not yet been given.

Government had appointed a Committee for fixing minimum rates of wages for various classes of employment in agriculture and employment ancillary to agriculture. Government have accepted the recommendations of the Committee and minimum rates of wages have also been notified. Government have sanctioned the grant of financial assistance to meet the legal expenses of trade unions in respect of proceedings in the High Court. As mentioned by me in the last year's budget speech, Government have sanctioned the creation of three Labour Legal Advisory Cells with a view to rendering necessary assistance to workers and smaller trade unions by giving them advice on the procedure to be followed for securing relief and connected matters.

A Labour Welfare Fund has been constituted with an initial amount of Rs 5 lakhs. Welfare centres have been started with this fund.

It has been proposed to extend the E.S.I. scheme to the following new areas during the year :—

1. Madras suburbs (Adyar and Nandambakkam).
2. Karur.
3. Melur.
4. Athur.
5. Ambur.
6. Karamadai.

Employment Opportunities

31. The problem of unemployment among both the educated and the uneducated has been aggravated by the present economic situation. Employment opportunities can increase only if the tempo of plan activities increases. I wish to emphasise that it is possible to solve this problem of unemployment through increased development works in rural areas and other labour intensive industries. The basic lacuna in our planning strategy is indicated by the fact that on the one hand, the Central Government has been reducing the assistance for our plan schemes and on the other evolving special schemes for employment. We have nevertheless fully implemented all such special programmes as have been put forward by the Government of India to mitigate the problem of unemployment. Under the centrally sponsored, Half a-million job programme as have been put forward by the Government of India schemes costing Rs 6·6 crores have been sanctioned which are likely to create about 35,000 jobs. In addition, we have from our own funds created the Youth Service Corps and have so far provided employment opportunities to 4576 youths in rural areas.

Benefits to Government Servants

32. Government have, over the last 3 years, substantially improved the pay and service conditions of Government employees, including teachers. The recommendations of the Second Pay Commission have been implemented fully. Subsequently, realising the existence of certain anomalies in the Pay Commission's Report, Government set up a One Man Committee to look into these anomalies and the grievances put-forth by certain associations. The recommendations made by this One Man Committee have also been accepted by the Government and are being implemented. Besides this, Government have sanctioned increases in D.A. rates as and when the need arose. Subsequent to the pay revision in October 1970, three D.A. revisions have so far been sanctioned. It has been estimated that the total annual commitment on account of these pay revisions, revisions in dearness allowance and the implementation of the One Man Committee's recommendations would be more than Rs 50 crores.

A Special Family Benefit Scheme has been introduced with effect from 1st January 1974 for Tamil Nadu Government employees in order to supplement the benefits now available under the State Government pension-*cum*-gratuity scheme. Under this scheme an employee will be contributing Rs 10 per month throughout the period of his service. In the event of the death of an employee, while in service, a sum of Rs 10,000 will be paid to his family. In the case of employees retiring on superannuation or demitting office for any reason, he will be paid the actual amount contributed by him along with the Government contributions representing interest. The scheme is applicable to all Government servants including those on temporary and non-pensionable service,

Teachers of aided educational institutions and employees of local bodies are also eligible for this scheme.

We had made certain requests to the Sixth Finance Commission regarding revision of pay and dearness allowances in connection with the continuing rise in prices. The Finance Commission had rejected our request for giving grants to cover the commitment towards pay revision on the ground that the pay scales obtaining in this State were higher than those obtaining in other States. There are however considerable disparities between the pay scales of our employees and those obtaining in the offices of the Central Government and the Central Public Sector. These disparities have increased further on account of the Central Government's implementation of the recommendations of the Central Pay Commission. We had represented to the Finance Commission that it would not be possible to cover these disparities from the State's resources alone and that the Central Government should give necessary assistance for this. It is disappointing that the Finance Commission has rejected our requests. We had also represented that the Central Government alone should take up the responsibility of meeting the financial commitment on account of revision of dearness allowances undertaken from year to year. Even this request has not been accepted by the Finance Commission. Under these circumstances, we have to depend on our own resources for revision of pay and dearness allowances of our employees and teachers.

However, in keeping with our policy of improving the welfare of our staff and teachers, we have come forward to increase their Dearness Allowance by Rs 10 per month with effect from April 1974. The additional commitment on account of this will be Rs 6 crores per annum,

Administrative Reforms Commission.

33. For the proper effective implementation of the plan, the administrative set up needs to be suitably improved and procedures modified to suit the changing times. The Administrative Reforms Commission, constituted in 1971, has so far submitted seven reports to Government. The Commission is expected to complete its work by the end of June or July 1974. The Government have taken decisions on the recommendations of the Commission relating to Rural Development and Local Administration Department, Public Works Department and Revenue Department. Details of the recommendations made and decisions taken will be placed before the House at the time of discussing the relevant Demands for Grants.

Food Policy—Price Situation.

34. So far as rice and other foodgrains are concerned, Tamil Nadu is marginally surplus. However, the production of pulses and oil-seeds has not been adequate. Thanks to the pragmatic and purposive food policy adopted, Tamil Nadu is in a relatively better position in regard to food prices, even though prices elsewhere in the country have risen and supplies have become difficult. For the sake of helping the poorer sections, Government continue to run fair price shops in the city of Madras and Coimbatore town, as well as in Kanyakumari district. The levy system of procurement of foodgrains from the dealers continues to be implemented.

This year, we have spared 50,000 tonnes of rice to the Central Government, after meeting the needs of our State. Further, we have sent rice to the extent possible, 40,000 tonnes, to the States of Kerala,

Karnataka, Gujarat, West Bengal and Maharashtra. We have also sent to various States 22,000 tonnes of millets. As a result of the effective food policy adopted by the Government, the price rise in Tamil Nadu in respect of foodgrains has been restricted to 27 points only, whereas at the all-India level the rise has been of the order of 64 points. Even today, our foodgrain prices are 50 points lower, compared to the All-India price index.

We are doing our best to ensure supply of essential commodities at reasonable prices. By a judicious mixture of control measures, adequate and timely procurement of foodgrains, strengthening of the public distribution system and building up of adequate buffer stocks, we are doing all that we can to keep the prices under check.

Hon'ble Members may be interested to know the stand of our Government on the issue of prices. Regarding this, I would like to draw your attention to the exposition given by Anna in the Budget for 1967–68:

"By virtue of the powers vested in it such as those under entries 36 to 38 in the Central list under the Seventh Schedule of the Constitution relating to issue of currency and foreign exchange, the Centre is fully accountable for inflation and deficit financing. The responsibility for rise in prices due to these factors is thus squarely with the Centre. The Centre has consequently also to assume responsibility for control of prices. Though the State Governments have to suffer from the impact of rising prices due to the policies of the Central Government, the Indian Constitution has not vested the States with necessary powers to control the prices and set right the situation".

Under these circumstances, we are doing whatever is possible and lies within our power to control prices.

Revised Estimates, 1973–74, Budget Estimates, 1974–75

35. In the Budget Estimates for 1973–74 we had anticipated a revenue surplus of Rs 49 lakhs. As against this, the Revised Estimates for the current year anticipate a deficit of Rs 4·84 crores. Though the receipts had increased from Rs 465·56 crores to Rs 468·00 crores we are faced with a deficit on account of increases in the expenditure from Rs 465·07 crores to Rs 472·84 crores. The increases in revenue have occurred under several heads. There have also been decreases in rece'pts under some heads of accounts. The receipts under " Commercial Taxes " and " Motor Vehicles Tax " and Other Taxes and Duties have increased while the receipts by way of Central assistance for both plan and non-plan schemes have decreased. As against the amount of Rs 61·54 crores, anticipated earlier by way of Central assistance, we now estimate that we will get only Rs 41·15 crores. This has been due to decreases under assistance expected for State Plan Schemes and towards Family Planning Programmes and also on account of Central Government having totally rejected our requests for assistance, towards flood relief. Increase in expenditure had been mainly on account of Dearness Allowance increases granted in October 1973 and implementation of certain new Central Sector Schemes (for example, Half-a-million Job Programme).

A perusal of the Budget Estimates for 1974–75 will show that as against a receipt of Rs 470·69 crores the expenditure is Rs 483·25 crores in the Revenue

Account, resulting in a revenue deficit of Rs 12·56 crores. The receipts under State Excise Duties which may be Rs 45 crores in 1973–74 will decrease to Rs 17·89 crores in 1974–75. The Sixth Finance Commission has not taken into account the loss that we will be incurring on account of the next stage of re-introduction of prohibition in August 1974. We have also not been given any other assistance by the Sixth Finance Commission. We have therefore to face a large revenue deficit. A Capital outlay of Rs 56 crores, loans and advances of Rs 36 crores and repayment of Rs 39·67 crores to Central Government have been provided for in these Budget Estimates.

Including the revenue deficit of Rs 12·56 crores the total deficit under all accounts is Rs 22·42 crores. In order to make good this deficit and to ensure that the development of the State is not hampered, we have undertaken certain measures to mobilise additional resources. The Union Planning Commission has also indicated that we should raise additional resources for the Plan. Keeping this in mind, we have adopted certain taxation and other measures for mobilising additional resources. These proposals are in line with our policy of taxing those who have the capacity to pay. It is anticipated that we will have an additional revenue of Rs 10 crores on account of these measures. Hence the overall deficit will be reduced to Rs 12·42 crores and the revenue deficit to Rs 2·56 crores.

Rationalisation of Commercial Taxes.

36. Government have examined the recommendations of the Special Officer appointed by them for the rationalisation of procedures relating to Commercial Taxes and have taken certain important decisions thereon.

A long-standing request from the trade and the public has been for changing the multi-point sales tax to single point. The Special Officer has recommended that it may not be possible to effect this change for all commodities and that we should expand the existing list of goods coming under single point tax by including a few more commodities which are at present taxed under the multi-point system. After examining his recommendations, Government have decided to bring 59 more commodities under the single point system of taxation.

The single point rates have been fixed, keeping in mind the total tax burden now levied under the multi-point system at various stages. We have also kept in mind the objective of raising resources by increasing the taxes on certain commodities which are used by the affluent. At present, a commodity may be subjected to a $3\frac{1}{2}$ per cent rate of tax at 2 or 3 stages. The total effective tax may vary from 7 per cent to $10\frac{1}{2}$ per cent. With this in view, by and large, the single point rate has been kept below the level of 7 per cent. However, rates of 10, 15, 25 and 30 per cent will be levied on certain luxury items and commodities used by the affluent. A statement placed on the table of the House today indicates the various rates.

I wish to bring to the notice of the House that a $3\frac{1}{2}$ per cent single point levy is to be levied for pulses and edible oils which are under the multi-point system subject to an effective tax of 7 per cent.

Firewood, cattle feed and glass bangles were till now being taxed under the multi-point system. I am glad to announce that these will now be completely exempted from tax.

At present a single point tax of 24 per cent on imported liquors and 12 per cent on other liquors excluding toddy and arrack is being levied. These tax rates are now being raised to 25 per cent. The single point rate of tax will be 30 per cent for commodities which come under the description of " Arishtam ".

The single point rates on various commodities mentioned above will come into effect from today itself through a notification under section 59 of the Tamil Nadu General Sales Tax Act.

One important decision under these measures of rationalisation relates to the exemption limit. In the Budget for 1967–68, Anna raised the exemption limit from Rs 10,000 to Rs 15,000 in order to provide relief to small traders and to protect them from harassment. In the Budget for 1972–73, this limit was raised from Rs 15,000 to Rs 25,000. Now, in order to give further relief to small traders this limit is being increased further to Rs 50,000. The traders having a turnover up to this limit will be exempted from the purview of sales taxation. I am sure the trading community, in particular the small traders, and the public will welcome this measure. 40,000 small traders will benefit by this. In order to make good the loss of about Rs 2 crores resulting from this decision and also as a measure of additional mobilisation of resources, the surcharge of 5 per cent which is being levied on traders having a turnover above Rs 10 lakhs is being raised to 10 per cent. I am sure the House will agree that this is in line with our policy of taxing those who can afford to bear the burden.

As regards Entertainment Tax, there are at present three types of taxes, the taxes levied by the State Government, the surcharge levied by Municipalities and Panchayat Unions and the recent surcharge levied by the Government. Government have decided to integrate these three taxes and bring them under a single enactment. This will not add to the tax burden. The existing taxation procedures will be simplified. A formula for sharing the proceeds of this tax among the Government, Municipalities and Panchayat Unions will be evolved in such a way that the existing shares of each will be safeguarded. This is only a measure of rationalisation of the Entertainment Tax structure and will not have the effect of raising the prices of tickets in cinemas.

Rationalisation of Motor Vehicles Taxation.

37. Two types of taxes are being currently levied on Motor Vehicles. Under the Motor Vehicles Taxation Act 1931, tax is being levied on the vehicles on the basis of seated and standing accommodation and permitted daily mileage. Besides this, under the Tamil Nadu Motor Vehicles (Taxation of Passengers and Goods) Act, 1952, a tax is being levied on stage and public carriages and goods vehicles on the basis of the collection of fares and freight. It has been decided to consolidate these two taxes and rationalise the tax structure. I wish to give here the salient features of this measure of rationalisation. As regards the stage carriages, the separate rates for sitting capacity and number of standees will be abolished. Besides, it is proposed to dispense with the present method of taxation on the basis of permitted daily mileage and instead to impose the following revised

rates based on the type of stage carriage and area of operation :—

Category.	*Rate of Quarterly tax.*
	RS
(1) Vehicles plying within Madras Metropolitan area	50
(2) Other town services	80
(3) Vehicles plying in other areas.	120
(4) Express buses	140
(5) Spare buses	75 per cent of the highest rate paid by the permit holder.

These rates will be levied on the basis of passenger capacity.

As regards goods vehicles, it is proposed to reduce the number of slabs from the existing 19 slabs to 7 slabs. Omni buses plying as Contract carriages will be placed on par with express stage carriages. Omni buses authorised to ply as Luxury Tourist Carriages will pay half this rate.

On account of this, the bus fares will be permitted to be increased only within certain limits and without causing hardship to the public.

New Raffle Certificate Scheme.

38. I wish to announce a new Raffle Certificate Scheme. Under this scheme, the face value of Raffle Certificates of Rs 10 and Rs 100 will be issued. The receipts by way of sale of these certificates will be kept in deposit by the Government for a period of 2 years and returned to the certificate holders at the end of this period. During this two year period, there will be

six draws. Every certificate holder, has a chance of getting a prize in any of the six four-monthly draws. At each draw, there will be 112 prizes for the 100 Rupees Certificates and 222 prizes for the 10 rupee certificates. In all, Rs 43 lakhs will be distributed as prizes.

There will also be two special prizes, one of Rs 5 lakhs for the Rs 100 series and one of Rs 2 lakhs in the Rs 10 series. The Special prizes will be given only in the last draw. I trust that the people of Tamil Nadu will welcome this as a new measure of savings.

39. We have dedicated ourselves as a Government to the tasks of

fulfilling our promises to the people to help the State of Tamil Nadu to prosper—

translating into concrete action our socialist programmes, without just paying lip service to them—

ever remaining vigilant to protect the weak and lowly in society even as the eyelids protect the eye.

To the catalogue of the achievements we have placed before the people during the last seven years, we as a Government are privileged to add the plans and programmes of this Budget.

40. My heartful thanks are due to the Finance Secretary, his colleagues and other officials who have helped me in preparing this Budget.

I now seek the approval of the honourable Members of this House for the Budget Estimates for 1974–75.

MADRAS,
4TH MARCH 1974.

M. KARUNANIDHI,
Chief Minister.